

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

I&CAD Department – Midterm Appraisal of Jalayagnam Projects – Strengthening the implementation of frame work in Engineering Departments – Instructions under G.O.Ms.No.1, Finance(W&P-F7) Department, dated:25.02.2012 including G.O.Ms.No.94, I&CAD(PW:COD) Department, dt.01-07-2003, I&CAD as nodal agency – Further instructions – Recommendations of the Group of Ministers – Implemented – Orders – Issued.

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IRRIGATION & CAD (PW:REFORMS) DEPARTMENT

G.O.Ms.No. 13.

Dated:07-02-2014.

READ the following:--

- 1) G.O.Ms.No.94, I&CAD(PW:COD) Department, dated:01.07.2003.
- 2) Govt. Memo.No.5217/Reforms/2006, dt.23.02.2006.
- 3) G.O.Ms.No.50, I & CAD (PW:Reforms) Deptt., dt.02.03.2009.
- 4) G.O.Ms.No.94, TR&B(R1) Department, dated:15.04.2008.
- 5) G.O.Ms.No.35, TR&B(R1) Department, dated:30.01.2009.
- 6) From the E.N.C(AW/IW), Hyd., Lr.No.ENC/Irr/P&M/EE.1/DEE.8/20506/06/2011, dt.11.04.2011.
- 7) Govt.Memo.No.9184/Reforms/A1/2011, dated:27.01.2012.
- 8) G.O.Ms.No.01, Finance(W&P-F7) Department, dated:25.02.2012.
- 9) From the E.N.C.(AW/IW), Hyd., Lr.No.ENC/IW/P&M/EE.I/DEE.8/20506/06/2011, dt:02.04.2012.
- 10) Govt.Memo.No.9184/Reforms/A1/2011, dated:09.04.2012.
- 11) Govt.Memo.No.9184/Reforms/A1/2011, dated:26.06.2012.
- 12) G.O.Rt.No.3012, G.A.(Cabinet) Deptt., Dated:29.06.2012.
- 13) G.O.Rt.No.3060, G.A.(Cabinet) Deptt., Dated:30.07.2012.
- 14) Govt.Memo.No.9184/Reforms/A1/2011, dt:22.8.2012, 04.09.2012 and 03.10.2012.
- 15) From the E.N.C.(Irrigation), Hyd., Lr.No.ENC(I)/SE/PPMU/EE/DEE/AEE/2012-13, dated:08.01.2013 and 10.10.2013.
- 16) Govt.Memo.No.9184/Reforms/A1/2011, dated:10.01.2014.

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ORDER:

Government of Andhra Pradesh have taken up an ambitious programme of increasing the ayacut in the state through a number of schemes under Jalayagnam. Some of the projects have been completed, some are at advanced stage and some are under progress. Meanwhile, due to various factors including Land Acquisition, Forest & Environment clearances and due to certain other reasons some of these projects were delayed and have been extended beyond agreement period. Due to this delay and the fact that the agreements provide for cost adjustment only for steel, cement and fuel, a number of representations were received to include labour and other materials for consideration of price adjustment in the agreement under Jalayagnam. There were issues under contractual management as well as interpretation of agreements with regard to increase in cost due to increase in the scope of work, changes due to administrative reasons and other factors beyond department's control.

2. A workshop was conducted at MCR HRD Institute on 17.03.2011 on Jalayagnam Projects where the concerned Secretaries, Department Unit

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Head Officers along with officers from Finance Department and the representatives of Builders Association of India were present and detailed discussions were held on Budget, Action Plan, Land Acquisition, Rehabilitation and Resettlement, Power requirement and Contractual issues including price adjustment for labour and other materials. The report on the recommendation of the workshop was submitted vide reference 9<sup>th</sup> read above by Engineer-in-Chief(Irrigation).

3. Meanwhile, the Government issued certain instructions in G.O.Ms.No.1, Finance(W&P-F7) Department, dated:25.02.2012 which covered many of the issues under deliberation in the workshop including adopting uniform approach across all departments for standard Bid document, price adjustment, and enforcement of G.O.Ms.No.94, I&CAD(PW:COD) Department, dated:01.07.2003 and for this purpose, I&CAD was made nodal department to issue follow up guidelines on the directions given in the above said G.O.

4. The matter with regard to the representations of Builders Association of India as well as the Government Orders vide G.O.Ms.No.01, Finance (W&P-F7) Department, dt.25.02.2012 and EPC code vide G.O.Ms.No.50, I & CAD (PW:Reforms) Department, dt.02.03.2009 were referred to ENCs committee and then to Board of Chief Engineers for their consideration. The Board of Chief Engineers made certain recommendations to the Government keeping in view the issues as per the representations of Builders Association of India as well as the points mentioned in G.O.Ms.No.1, Finance (W&P-F7) Department, Dated:25.02.2012. These recommendations were forwarded to Government.

5. Government after due consultation with Law and Finance Departments, directed the I&CAD to collect all the information from the projects, i.e., financial implications including alternative including retendering the works in case, the Government does not accept the recommendations of Board of Chief Engineers with regard to price adjustment. Government simultaneously constituted a Group of Ministers vide references 12<sup>th</sup> & 13<sup>th</sup> read above for midterm appraisal of the Jalayagham.

6. The Irrigation & CAD department collected all the information from the field to ascertain the financial implications as well as the possibility of completion of all the works within the stipulated time. The Group of Ministers constituted vide references 12<sup>th</sup> & 13<sup>th</sup> read above examined the recommendations of Board of Chief Engineers on all the issues as well as G.O.Ms.No.01, Finance (W&P-F7) Department, dated:25.02.2012 in a series of meetings. After weighing all the options and having considered all the factors including cost implications in order to complete all the ongoing works, the Group of Ministers made certain recommendations to the Government.

7. The Government accordingly accept the recommendations of Group of Ministers and accordingly following instructions are hereby issued:

- a) All forest & environmental clearances will have to be obtained expeditiously. Land Acquisition should be done in a mission mode.
- b) For extension of time, a detailed analysis of milestones, both for the agency and the department, will be done before extension is given.

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- c) For agencies, the analysis will require proper estimation of quantities, preparation & submission of balance designs along with time frame & schedule for men and machinery mobilization for each milestone.
  - d) For project authorities, the time taken to give permissions, clearances & handing over work fronts will have to be analyzed & responsibilities fixed at each level of monitoring and supervision.
  - e) Once the activities are clearly brought out, project execution & monitoring will be more accurate & time frames more realistic & less arbitrary.
- I) Government decided to accept the recommendation of Board of Chief Engineers with regard to price adjustments for items for labour & other materials but beyond initial agreement period for irrigation works taken up in Jalayagnam which have not entered defect liability period, in the existing agreements as on 01.04.2013, subject to the conditions as follows:-
- i. Price adjustment will be admissible for quantities for labour and other materials done after 01.04.2013.
  - ii. Price adjustment on labour and other materials will be available on balance quantities, thus arrived, only.
  - iii. Price adjustment for labour will be worked out similar to the practice being followed in JICA/WORLD BANK Projects, wherein this is allowed.
  - iv. For distributory network, the rates as per current prevailing rates as per Government orders (Memo.No.34843/Reforms/A1, dated:04-01-2010) will be applied for the balance network as on 1/4/2013. This is essential to complete the distributory network for release of water in all the projects where most of the other works is completed.
- II)
- i) Transparent process may be followed for working out labour component as per standard data and codes.
  - ii) For other materials, price adjustment will be governed by the PWD code, IS codes or other relevant codes viz. IEEEEMA, Codes for Electro mechanical equipment, and IPMA for pumps and Hydro Mechanical Equipment and prices existing for comparable items in other public sector enterprises.
  - iii) Suitable procedures shall be worked out by the Irrigation Department for the above purpose.
- III) Price adjustment for labour and other materials apart from steel, fuel and cement will be provided in new works henceforth.

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- IV) Government decided to accept Board of Chief Engineers recommendation to consider Controlled Blasting(CB) rates in those agreements where it is not provided in very specific situations for quantities done under Control Blasting subject to the condition that the Department may constitute an Expert team of Chief Engineers, including from Central Designs Organization, and other senior geologists & obtain factual report from the field with documentary evidence from District Collector & Police Department & establish extraordinary circumstances like high tension wire in the vicinity, habitations/dwelling structures, other activity which makes normal blasting not possible for carrying out the work.

Only in such cases where scope for controlled blasting items were neither part of the agreement nor included in the cost estimates of the works as the department did not foresee the situation, can be processed on case-to-case basis send to Government after due recommendation from State Level Standing Committee for consideration.

- V) Variations from Estimated quantities & items, due to changes in design owing to unforeseen discovery in site geology or changes in basic project parameters or changes in alignment due to local factors (Law & Order), all of which were not provided in the estimates/IBM and are therefore not clearly contemplated in the agreement, can be considered, provided, for completion of the work and achieving the contemplated outcomes, the revised quantities/designs are inevitable.

Any accruable amount due to the above should be paid only after arriving at the net value of all quantities in the package in the agreements live as on 01.04.2013.

8. The following guidelines would be applied to give effect to above instructions:-

- A. Arrears accruing due to price adjustment for labour and other materials shall be paid after proper assessment of payable balance quantities executed from 01/04/2013 onwards.
- B. The concerned project authorities will certify that there was no lapse on the part of the agency during execution of the work on the working areas handed over to them and delay whatsoever is due to reasons not attributable to the agency.
- C. Price adjustment in current bills will be done including labour and other materials along with steel, cement and fuel only for the balance quantities beyond initial agreement period.

9. Additional amount due to controlled blasting and extra quantities including arrears accruing due to price adjustment for labour and other materials will be paid after due approvals from the Government and as per guidelines mentioned at para-10 below.

10. 40% of additional amount (as indicated at Para 9 above) will be paid after issue of government orders in each package. 30% of the amount, shall be paid along with work bills in same proportion as the physical milestones achieved from the balance work, e.g. if the work bill is 1% of the balance work, then the payable arrear amount in that month will also be 1% of the 30% of accrued arrears. Balance 30% of the total arrears will be paid

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along with the last R/A bill at the completion of work. Irrigation Department will issue detailed guidelines in this regard and may review and regulate/alter payments based on the performance of the agency.

11. Milestones for the balance work will have to be agreed for completion of the works within the mutually agreed time by the agency through a supplementary agreement.

Once agreed, no further extensions shall be allowed except only if Land Acquisition and Forest and Environment clearance is the delaying factor. In all other cases, if allowed due to the fault of the agency, the Liquidated damages would be double of the existing in the agreement on balance value of work to be carried out in those milestones. In case of failure to achieve progress in the remaining works, it will be taken over under Clause 61 only terminating the Agreement and the agency will be removed from the site and the balance work got executed by engaging new agency following due procedure. Agencies agreeing to give such guarantees for completion may be allowed to receive the arrears to be paid after completion of work against secured Bank Guarantees.

12. Agencies already subjected to action under Clause 61 and Clause 60 will not be compensated for the work taken over from them.

Any agency under notice for withdrawal under clause 61 of the PWD code shall not be eligible for any payment including any arrears for work already done till a decision is taken on that agency finally.

The new agency will be eligible on fulfilling similar conditions as applicable to other agencies from the date of his agreement with the Government.

For packages where Liquidated Damages has been imposed, no adjustment whatsoever will be paid, for the period of imposition of Liquidated Damages.

13. Bank Guarantee commission, insurance premium will be reimbursed as per actuals beyond the initial agreement period. Service Tax at actual shall be reimbursed subject to documentary evidence of payment to Government of India.

14. Agencies carrying out the works under existing agreements or supplementary agreements will only be eligible provided they sign fresh agreements indemnifying the Government from all future liabilities and litigation or arbitration proceedings due to various reasons.

15. In projects/packages where work is at standstill for more than 18 months due to reasons not attributable to the agency, the agency may be allowed to close the work without penalty and on realization of the balance mobilization advance from the agency.

16. The recommendations of State Level Standing Committee would be essential on the proposals submitted as per these decisions, Government in Irrigation & CAD Department is authorized to take further necessary action in consultation with the Finance Department on each Package, along with additional financial liability on account of these instructions along with year wise breakup of the additional requirement of funds.

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17. The recommendations made by Government as indicated Supra are applicable only in the cases of Projects under Jalayagnam on EPC system. As such Govt.Memo.No.5217/Reforms/2006, dated:23.02.2006 will stand revised to the extent of price adjustment only. Rest all the conditions given in G.O.Ms.No.01, Finance(W&P-F7) Department, dated:25.02.2012 will apply to all other works and the conditions in individual agreements will govern the execution of works. For work insurance premium, I & CAD Department has issued instructions vide G.O.Ms.No.61, I&CAD(PW:Reforms) Department, dated:25.06.2013 which will apply to all other Works Departments. I & CAD Department will take immediate steps to formulate a revised standard bid document in consultation with other major Works Departments and Finance Department for the use of all works departments.

18. The ayacut promised as per Engineer-in-Chief letter vide reference 15<sup>th</sup> read above, will have to be adhered, completed and delivered in the given time frame. Failure to do so will attract strict punitive measures against the field officers, so that no further delays are allowed in completion of projects taken up under Jalayagnam. Engineer-in-Chief(Irrigation) will issue further guidelines to ensure that ayacut as programmed is delivered without fail.

19. The Engineers-in-Chief/Chief Engineers are requested to take necessary further action in the matter accordingly.

20. This order issues with the concurrence of Finance (W&P) Department vide their U.O.No.40/F7(A1)/2014, dated:05.02.2014.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

ADITYA NATH DAS,  
PRINCIPAL SECRETARY TO GOVERNMENT.

To

All the Engineers-in-Chief, I&CAD Department,  
Jalasoudha Buildings, Errum Manzil, Hyderabad.

All the Chief Engineers, I&CAD Department.

The Commissioner, Commissionerate of Tenders, A.P., Hyderabad.

Copy to:

The Accountant General, A.P., Hyderabad

The Director, Works & Accounts, A.P. Hyderabad

The P.S. to Special Secretary to Hon'ble C.M.

The O.S.D. to Minister (M&MI).

The P.S. to Minister (Minor Irrigation).

The P.S. to Minister (Finance).

The P.S. to Minister (Revenue).

The P.S. to Minister (Industries).

The P.S. to Chief Secretary to Government.

The P.S. to Special Chief Secretary to Govt., Finance Department.

The P.S. to Principal Secretary to Government(AD), I&CAD Deptt.

The P.S. to Principal Secretary to Government(P), I&CAD Deptt.

The P.S. to Principal Secretary to Government(AR), I&CAD Deptt.

The P.S. to Special Secretary to Government(KS).

The P.A. to Joint Secretary to Government(T).

The Finance (W&P) Department.

The Deputy Director(Monitoring), K-Block, Secretariat.

All sections in Irrigation & CAD Department.

SF/SC.

//FORWARDED :: BY ORDER//

SECTION OFFICER.